



INFORMATION CIRCULAR: BANK OF MONTREAL

TO: Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

FROM: Nasdaq / BX / PHLX Listing Qualifications Department

DATE: August 2, 2018

EXCHANGE-TRADED PRODUCT

SYMBOL CUSIP #

MicroSectors FANG Index 2X Leveraged ETNs due January 8, 2038	FNGO	063679856
MicroSectors FANG Index -2X Inverse Leveraged ETNs due January 8, 2038	FNGZ	063679849
MicroSectors FANG Index Inverse ETNs due January 8, 2038	GNAF	063679831

INFORMATION ON THE SECURITIES

The Bank of Montreal (the “Issuer”) has issued several Exchange Traded Notes (“ETNs” or “Notes” or “Securities”) that are each linked to the performance of the NYSE FANG+™ Index, total return (the “Index”).

MicroSectors FANG Index 2X Leveraged ETNs due January 8, 2038

The MicroSectors FANG Index 2X Leveraged ETNs due January 8, 2038 (“FNGO”) are senior unsecured medium-term notes issued by Bank of Montreal with a return linked to a two times leveraged participation in the performance of the Index, compounded daily, less a Daily Investor Fee, the Daily Financing Charge and, if applicable, the Redemption Fee Amount. The Index is an equal-dollar weighted index designed to represent a segment of the technology and consumer discretionary sectors consisting of highly-traded growth stocks of technology and tech-enabled companies.

FNGO seek to approximate the returns that might be available to investors through a leveraged “long” investment in the Index (for example, through a leveraged position in the Index constituents). A leveraged “long” investment strategy involves the practice of borrowing money from a third party lender at an agreed-upon rate of interest and using the borrowed money together with investor capital to purchase assets. A leveraged long investment strategy terminates with the sale of the underlying assets and repayment of the third party lender, provided that the proceeds of the sale of underlying assets are sufficient to repay the loan. By implementing a leveraged strategy, the leveraged investor seeks to benefit from an anticipated increase in the value of the assets between the purchase and sale of such assets, and assumes that the increase in value of the underlying assets will exceed the cumulative interest due to the third party lender over the term of the loan. A leveraged investor will incur a loss if the value of the assets does not increase sufficiently to cover payment of the interest charges.

FNGO provide a daily long leveraged exposure to the performance of the Index. The return on FNGO is two times leveraged. Because the return is leveraged, if the Index level increases on any day FNGO will increase by two times the daily return of the Index (before taking into account the Daily Investor Fee, the Daily Financing charge and any Redemption Fee Amount). However, any decrease in the level of the Index will result in a significantly greater decrease in the Cash Settlement Amount, Call Settlement Amount or Redemption Amount, as applicable (before taking into account any the Daily Investor Fee, the Daily Financing Charge and any Redemption Fee Amount), and you may receive less than your original investment in FNGO at maturity, call or upon redemption, or if you sell your notes in the secondary market. Moreover, because the Daily Investor Fee, the Daily Financing Charge and any Redemption Fee Amount may substantially reduce the amount of your return at maturity, call or upon redemption, or if you sell your notes, the level of the Index must increase significantly in order for you to receive at least the principal amount of your investment. If the level of the Index decreases or does not increase sufficiently to offset the cumulative negative effect of the Daily Investor Fee, the Daily Financing Charge and any Redemption Fee Amount, you will receive less than the principal amount of your investment at maturity, call or upon redemption, or if you sell your notes.

MicroSectors FANG Index -2X Inverse Leveraged ETNs due January 8, 2038

The MicroSectors FANG Index -2X Inverse Leveraged ETNs due January 8, 2038 (“FNGZ”) are senior unsecured medium-term notes issued by Bank of Montreal with a return linked to a two times leveraged participation in the inverse performance of the Index, compounded daily, less a Daily Investor Fee, any negative Daily Interest and, if applicable, the Redemption Fee Amount. Accordingly, FNGZ generally appreciate in value as the level of the Index decreases, provided such decrease is sufficient to offset the cumulative negative effect of the Daily Investor Fee and any negative Daily Interest. The Index is an equal-dollar weighted index designed to represent a segment of the technology and consumer discretionary sectors consisting of highly-traded growth stocks of technology and tech-enabled companies.

FNGZ seek to provide a leveraged inverse return based on the performance of the Index (as adjusted for costs and fees). FNGZ do not attempt to, and should not be expected to, provide returns that reflect leverage on the return of the Index for periods longer than a single day. FNGZ rebalance their theoretical exposure on a daily basis, increasing exposure in response to that day’s gains or reducing exposure in response to that day’s losses

MicroSectors FANG Index Inverse ETNs due January 8, 2038

The MicroSectors FANG Index Inverse ETNs due January 8, 2038 (“GNAF”) are senior unsecured medium-term notes issued by Bank of Montreal with a return linked to the inverse performance of the Index, compounded daily, less a Daily Investor Fee, any negative Daily Interest and, if applicable, the Redemption Fee Amount. Accordingly, GNAF generally appreciate in value as the level of the Index decreases, provided such decrease is sufficient to offset the cumulative negative effect of the Daily Investor Fee and any negative Daily Interest. The Index is an equal-dollar weighted index designed to represent a segment of the technology and consumer discretionary sectors consisting of highly-traded growth stocks of technology and tech-enabled companies.

The performance of GNAF is path-dependent. This means that the value of GNAF will depend not only upon the level of the Index at maturity, call or redemption, but also on the performance of the Index over each day that you hold your notes. In other words, the value of GNAF will be affected by not only the

increase or decrease in the level of the Index over a given time period but also the volatility of the level of the Index over such time period. For example, a sharp spike or sharp decline in the level of the Index at the end of a particular time period will not result in the same return as a gradual uptick or gradual decline in the Index over the same time period, even if the level of the Index at the end of the applicable time period is the same in each scenario. Accordingly, the return on GNAF may not correlate with the return on the Index over periods longer than one day.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding each Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules and BX Conduct Rules.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

Nasdaq members, BX members and PHLX members and member organizations should also review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

This Information Circular is not a statutory prospectus. NASDAQ members, BX members and PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.

Inquiries regarding this Information Circular should be directed to:

- Ben Haskell, Listing Qualifications, at 301.978.8092
- NASDAQ / BX/ PSX Market Sales at 800.846.0477